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12 Apple Inc.

13 UNITED STATES DISTRICT COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 SAN FRANCISCO DIVISION
16

17
18 COREPHOTONICS, LTD.

19 Plaintiff,

20 vs.

21 APPLE INC.

22 Defendant.
23
24

Case No. 3:17-cv-06457-JD (lead case)
Case No. 5:18-cv-02555-JD

**DEFENDANT'S NOTICE OF MOTION AND
MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF ITS
MOTION TO AMEND ANSWER**

Date: December 14, 2023
Time: 10 a.m.

Courtroom 11, 19th Floor
450 Golden Gate Avenue,
San Francisco, CA 94102

25
26 **REDACTED VERSION**
27
28

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. FACTUAL BACKGROUND	2
A. Samsung Acquired Plaintiff Corephotonics After the Answer Was Filed.....	2
B. Samsung Covenanted Not to Assert Patents Against Apple.....	3
C. Corephotonics Claimed it was Not Controlled by Samsung.....	4
D. Only After The Court Ordered Production of the Share Purchase Agreement Did Corephotonics Recently Begin Selectively Producing Limited Information	4
III. LEGAL STANDARDS.....	6
IV. ARGUMENT	7
A. Leave to Amend Should Be Freely Granted When Justice So Requires	7
1. Corephotonics Will Not Be Prejudiced by the Amendment	7
2. There Has Been No Bad Faith or Undue Delay By Apple	7
3. The Proposed Amendment is Not Futile.....	8
B. Even If the Good Cause Standard Applies, Good Cause Exists for the Proposed Amended Answer Based on Recent Discovery and Apple's Diligent Pursuit of Samsung-Corephotonics Discovery	8
V. CONCLUSION	9

TABLE OF AUTHORITIES**Page(s)****Cases**

<i>Eminence Cap. v. Aspeon</i> , 316 F.3d 1048 (9th Cir. 2003).....	6, 7
<i>Finjan v. Blue Coat Sys.</i> , No. 13-cv-03999-BLF, 2014 WL 6626227 (N.D. Cal. Nov. 20, 2014).....	8
<i>Finjan v. Check Point Software Techs.</i> , No. 18-cv-02621-WHO, 2019 WL 1455333 (N.D. Cal. Apr. 2, 2019).....	6
<i>Foman v. Davis</i> , 371 U.S. 178 (1962).....	6, 7
<i>Fujitsu v. Nanya Tech</i> , No. C 06-6613 CW, 2008 WL 962146 (N.D. Cal. Apr. 08, 2008).....	8
<i>Johnson v. Mammoth Recreations</i> , 975 F.2d 604 (9th Cir. 1992).....	8
<i>Moeller v. Taco Bell Corp.</i> , No. C 02-5849 PJH, 2013 WL 12440996 (N.D. Cal. Nov. 21, 2013).....	6
<i>Norton v. Santa Rosa Police Dep't</i> , No. 14-cv-04352-JST, 2015 U.S. Dist. LEXIS 157377 (N.D. Cal. Nov. 19, 2015).....	6
<i>Santa Clara Valley Water Dist. v. Olin Corp.</i> , No. C-07-cv-03756 RMW, 2009 WL 667429 (N.D. Cal. Mar. 13, 2009)	6
<i>Synchronoss Techs. v. Dropbox</i> , No. 16-cv-00119-HSG, 2019 WL 95927 (N.D. Cal. Jan. 3, 2019)	6, 8

Other Authorities

Fed. R. Civ. P. 15.....	6, 7, 8, 9
16.....	6, 8, 9

NOTICE OF MOTION AND MOTION

TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE that on **DECEMBER 14, 2023 AT 10:00 A.M.**, or as soon thereafter as the motion may be heard, in the courtroom of the Honorable James Donato, located at Courtroom 11, 19th Floor, San Francisco Courthouse at 450 Golden Gate Ave., San Francisco, CA 94102, Defendant Apple, Inc. (“Apple”) will and hereby does move the Court for leave to amend its Answer. The motion is based upon this Notice, the Memorandum of Points and Authorities, the pleadings, all matters of which the Court may take judicial notice, and any other argument or evidence that may be presented in support of this Motion.

STATEMENT OF RELIEF REQUESTED

Apple moves for leave to amend its Answers in the consolidated actions as set forth in Exhibits A1 and A2.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Defendant Apple, Inc. respectfully seeks leave to amend its existing affirmative defenses to add details that did not exist at the time of Apple’s original answer years ago. No new claims or defenses are being added; only recently discovered facts and updates in view of the stay.

The proposed amendments fall into two categories:

- ***Further Facts Supporting Apple’s Existing Defenses:*** Apple’s original answer included affirmative defenses, including non-infringement, equitable defenses, and limitation on damages. Apple seeks to supplement its existing defenses with further supportive facts based on Samsung’s acquisition of Corephotonics, which occurred after Apple’s original answer was filed, and the documents and discovery responses Corephotonics recently produced in October 2023, which also occurred after Apple’s original answer was filed.
- ***Updating the Answer In View of Invalidated Patents No Longer In the Case:*** These consolidated cases originally began with five patents and only two patents-in-suit remain. Three of the patents – U.S. Patent Nos. 9,402,032, 9,538,152, and 9,857,568 – were found invalid and cancelled by the Patent Office and Federal Circuit during the stay of this case. The proposed amendment cleans up the answer in view of these changed developments.

Ample reasons exist for allowing the proposed amendments, including because Apple diligently pursued discovery of facts supporting its defenses. It was not until recently,

1 however, that Corephotonics produced the critical information in its production of the
 2 Samsung Share Purchase Agreement and its discovery response confirming that [REDACTED]
 3 [REDACTED]. Rather than piecemeal amend its answer,
 4 Apple collected as much information as it reasonably could – notwithstanding Corephotonics’s
 5 obstructionist behavior necessitating a Court ruling on the pending Samsung discovery dispute –
 6 before moving for leave to amend its answer. Any purported delay in amending is attributable to
 7 Corephotonics’s refusal to timely provide the requested discovery. Because no extension of the
 8 case schedule is needed based on the proposed amendment and because Corephotonics cannot
 9 identify any prejudice, Apple’s motion should be granted.

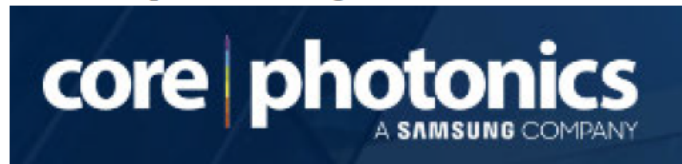
10 II. FACTUAL BACKGROUND

11 A. Samsung Acquired Plaintiff Corephotonics After the Answer Was Filed

12 This patent case began with four patents-in-suit, based on a complaint filed by
 13 Plaintiff Corephotonics in late 2017. (Dkt. 1.)¹ After some initial briefing (Dkt. 39, 42, 46),
 14 Defendant Apple filed its answer to the operative first amended complaint in October 2018. (Dkt.
 15 92; *see also* Dkt. 18 (-2555 Action).) Apple’s affirmative defenses included non-infringement,
 16 equitable defenses, and limitation on damages. (Dkt. 92 at 13 (First Defense, Third Defense, Fifth
 17 Defense); Dkt. 18 (-2555 Action) at 10 (same).) Corephotonics did not challenge the sufficiency
 18 of Apple’s affirmative defenses.

19 A few months later, the case was stayed pending *inter partes* review. (Dkt. 100.) The case
 20 was stayed from December 2018 to April 2022. (Dkt. 127.)

21 During the stay, one of Samsung Electronics Co. Ltd.’s (“Samsung SEC”) wholly owned
 22 subsidiaries, Samsung Electronics Benelux B.V. (“Samsung SEBN”), acquired
 23 Plaintiff Corephotonics. As Corephotonics’s logo makes clear, it is a “Samsung company”:



24
 25
 26
 27
 28 ¹ On April 30, 2018, Corephotonics added a patent in a separate suit (No. 18-CV-02555) which has
 been consolidated with this action.

(<https://corephotonics.com/contact/>.) Samsung SEBN acquired all of the shares of Corephotonics Ltd., and Samsung SEC reports in its financial statements that it is the holder of 100% ownership in (1) Corephotonics and (2) Samsung Benelux, where the percentage ownership “represents [Samsung SEC’s] ownership of the voting rights in each entity, including subsidiaries’ ownerships.” (See Ex. A1 (Proposed Amended Answer at Third Defense) (citing supporting evidence).)²

B. Samsung Covenanted Not to Assert Patents Against Apple

As the proposed Amended Answer explains, Apple and [REDACTED]

[REDACTED] (Ex. A1 (Proposed Amended Answer at Third Defense); Ex. I.) That agreement contains, among other clauses, [REDACTED]

[REDACTED] (*Id.*) (emphasis added.) [REDACTED]

[REDACTED] (*Id.*) (emphasis added.) [REDACTED] identifies SEC as a “related party” and a company

² Attached as Ex. A2 is the Amended Answer in the -2555 Action. The proposed amendments mirror Ex. A1, and thus, the arguments and cites herein will only reference Ex. A1.

1 “with significant influence” on [REDACTED] (Ex. A1 (Proposed Amended Answer at Third Defense)
 2 (citing evidence). SEC and [REDACTED] have also been identified as affiliates of the Samsung Group.
 3 (*Id.*). Corephotonics is thus a Related Entity, governed by the Apple-[REDACTED] because
 4 Corephotonics and [REDACTED] are both controlled by or under common control with
 5 Samsung Electronics Co., Ltd. (“Samsung SEC”) and/or the Samsung Group. (*Id.*)

6 **C. Corephotonics Claimed it was Not Controlled by Samsung**

7 After the stay lifted, Apple promptly began seeking discovery into the new developments,
 8 including the acquisition and the Samsung/Corephotonics relationship. In October 2022, Apple
 9 served interrogatories and requests for production directed at exploring Corephotonics’s
 10 relationship with Samsung. (*E.g.*, Mead Ex. B (*e.g.*, Rog. 14); Ex. C .) Apple also produced the
 11 relevant [REDACTED] agreement and explained the grounds for its defense and the need for
 12 further discovery in correspondence to Corephotonics in March 2023. (Mead Decl., ¶ 6; Ex. I; Ex.
 13 D.) Corephotonics refused to fully respond to the discovery requests and the parties’ discovery
 14 dispute, after meet-and-confers, resulted in a discovery letter and response letter submitted by
 15 Apple and Corephotonics in March 2023. (Dkt. 163, 169.) In pertinent part, Corephotonics
 16 represented: “Samsung’s 2019 acquisition was a *shares-only acquisition*” and
 17 “Corephotonics remains a *distinct corporate entity*”. (Dkt. 169 at 2 (emphasis added).)

18 Corephotonics resisted all discovery into the Samsung/Corephotonics acquisition, including
 19 refusing to produce any share purchase agreements and the related acquisition documents.
 20 Corephotonics’s position was – absent a written order from the Court – it need not produce any
 21 acquisition materials.

22 **D. Only After The Court Ordered Production of the Share Purchase Agreement**
 23 **Did Corephotonics Recently Begin Selectively Producing Limited Information**

24 During the recent October 2023 *Markman* hearing, the Court specifically ordered
 25 Corephotonics to produce the Samsung share purchase agreement (“SPA”). (Ex. E (H’rg. Tr. at
 26 44:13-14).) The Court also stated: “Take some depositions of Corephotonics and Samsung on
 27 their relationship.” (*Id.* at 46:4-5.) With the initial logjam broken, Corephotonics consequently
 28 slowly began producing limited information about the Samsung relationship.

1 October 10 (Rog. Response): In a recent interrogatory response, Corephotonics admitted
 2 for the first time that [REDACTED] (Ex. F (10/10/Resp
 3 to 3rd set of Rogs.) at 5.) In other words, Corephotonics is *not* an independent entity, but is instead
 4 [REDACTED]

5 October 13 (Selective Production of Share Purchase Agreements): Corephotonics
 6 selectively produced a few share purchase agreements (but Corephotonics withheld the
 7 accompanying schedules).

8 Critically, one of the agreements Corephotonics produced was between Samsung SEC
 9 (“Purchaser”) and Corephotonics (“Company”), which contained the following clause:

10 [REDACTED]
 11 [REDACTED]
 12 [REDACTED]
 13 [REDACTED]
 14 [REDACTED]
 15 (Ex. G (COREPH077405 at COREPH077459 (§ 11.7) (emphasis added))). This new information
 16 shed new light on a deal that Corephotonics had previously described as a mere “shares-only
 17 acquisition.” (Dkt. 169 at 2.) Instead, this clause confirms that [REDACTED]
 18 [REDACTED]
 19 [REDACTED] In other words, [REDACTED]
 20 [REDACTED]

21 In the face of such stark evidence of Samsung control, Apple has repeatedly requested that
 22 Corephotonics produce agreements evidencing that control by Samsung [REDACTED]
 23 does not exist. No such evidence has been produced.³ The evidence is entirely one-sided, [REDACTED]
 24 [REDACTED]

25 Prompt Meet-and-Confer: Apple thus promptly notified Corephotonics of Apple’s intent
 26 to amend its answers (including attaching a proposed amendment) on October 18, and the parties
 27 conferred telephonically on October 25, reaching impasse.

28 ³ Apple has also subpoenaed Samsung [REDACTED]

1 November 3 (Delayed Production of Schedules to Share Purchase Agreements):
 2 Corephotonics finally produced the schedules to the Share Purchase Agreements.

3 **III. LEGAL STANDARDS**

4 Under Rule 15(a)(2), “leave to amend shall be freely granted ‘when justice so requires.’”
 5 *Synchronoss Techs. v. Dropbox*, No. 16-cv-00119-HSG, 2019 WL 95927, at *2 (N.D. Cal. Jan. 3,
 6 2019) (citation omitted). “This policy is ‘to be applied with extreme liberality.’” *Eminence Cap.*
 7 *v. Aspeon*, 316 F.3d 1048, 1051 (9th Cir. 2003). The factors relevant to determining amendment
 8 under Rule 15 are bad faith, undue delay, prejudice to the opposing party, futility of the amendment,
 9 and previous amendments. *Foman v. Davis*, 371 U.S. 178, 182 (1962). “Absent prejudice, or a
 10 strong showing of any of the remaining *Foman* factors, there exists a presumption under Rule 15(a)
 11 in favor of granting leave to amend.” *Eminence Cap.*, 316 F.3d at 1052.

12 None of the prior scheduling orders set a deadline for the amendment of pleadings (Dkts. 38,
 13 66, 67, 87, 175.) Where, as here, a Court does not set a deadline for amendment and the amendment
 14 would not cause a change to the existing case schedule, leave to amend should be freely granted
 15 under Rule 15. *See Finjan v. Check Point Software Techs.*, No. 18-cv-02621-WHO, 2019 WL
 16 1455333, at *3 (N.D. Cal. Apr. 2, 2019) (applying Rule 15 where the scheduling order did not set
 17 a deadline for amending pleadings and no modification of the case schedule would be required);
 18 *Norton v. Santa Rosa Police Dep’t*, No. 14-cv-04352-JST, 2015 U.S. Dist. LEXIS 157377, at *3
 19 (N.D. Cal. Nov. 19, 2015) (Rule 16 did not apply “because the Court’s scheduling order [] did not
 20 set a deadline by which the parties must have filed amended pleadings.”); *Santa Clara Valley Water*
 21 *Dist. v. Olin Corp.*, No. C-07-cv-03756 RMW, 2009 WL 667429, at *4 (N.D. Cal. Mar. 13, 2009)
 22 (“Because the court’s case scheduling orders imposed no deadline for amending the pleadings,
 23 [Defendant] is not required to show good cause [under Rule 16] for its desire to amend its
 24 counterclaim.”); *Moeller v. Taco Bell Corp.*, No. C 02-5849 PJH, 2013 WL 12440996 at *1 (N.D.
 25 Cal. Nov. 21, 2013) (where “no deadline for amending the pleadings was ever set in a case
 26 management or pretrial scheduling order ... the applicable standard is provided by Rule 15(a)”).

27 The proposed amendment is fully justified, as discussed below.

1 **IV. ARGUMENT**

2 **A. Leave to Amend Should Be Freely Granted When Justice So Requires**

3 As noted above, the proposed answer does not seek to add any new claims or defenses.
 4 It merely seeks to add additional facts that Corephotonics has known about. None of the factors
 5 relevant to determining amendment under Rule 15, such as prejudice to the opposing party, bad
 6 faith, undue delay, or futility of the amendment weigh against amendment. *Foman*, 371 U.S. at
 7 182. Leave to amend Apple's answer should thus be granted. Fed. R. Civ. P. 15(a)(2) ("leave to
 8 amend shall be freely granted 'when justice so requires'"). *Eminence Cap.*, 316 F.3d at 1051 ("This
 9 policy is 'to be applied with extreme liberality.'").

10 **1. Corephotonics Will Not Be Prejudiced by the Amendment**

11 Corephotonics cannot claim prejudice by the amendment given that (a) the amendment does
 12 not seek to add any new claims or defenses, (b) Corephotonics has been aware of Apple's pursuit
 13 of this discovery and aware of the potential defenses arising from the [REDACTED]
 14 [REDACTED] since the case was unstayed, (c) the facts in the answer are facts Corephotonics knew about
 15 or long had possession of, (d) Corephotonics has been aware that Apple was waiting for the Court
 16 to rule on the discovery dispute, and (e) Corephotonics caused delay through its unwillingness to
 17 produce the request information until only recently. Apple is seeking to add further facts to support
 18 its existing non-infringement, equitable, and damages defenses that were already known to
 19 Corephotonics. Corephotonics has also had access to the relevant information about Samsung's
 20 control over it and other entities far longer than Apple. Most importantly, *no extension of the*
 21 *schedule is needed*. On the parties' meet-and-confer, Corephotonics could not identify any
 22 concrete prejudice from the proposed amendment.

23 **2. There Has Been No Bad Faith or Undue Delay By Apple**

24 As explained above, Apple diligently pursued discovery of facts supporting its affirmative
 25 defenses. Apple promptly produced the relevant [REDACTED] agreement and sought Court
 26 assistance on the Samsung discovery dispute. Apple also explained the grounds for its defense and
 27 the need for further discovery in correspondence to Corephotonics back in March 2023. (Ex. D.)
 28 Apple also included an explanation of the defense in its rebuttal damages contentions. (Ex. H.)

1 Only recently did Corephotonics produce the highly relevant Samsung Share Purchase Agreement
 2 and confirm the [REDACTED] Apple then promptly proceeded to
 3 meet-and-confer on the proposed amendment. There has been no bad faith or undue delay by
 4 Apple.

5 **3. The Proposed Amendment is Not Futile**

6 Despite Corephotonics's efforts to hide its relationship with Samsung SEC, it is now clear
 7 that Samsung SEC controls Corephotonics based on the Share Purchase Agreement and
 8 [REDACTED] Samsung SEC is also identified by [REDACTED] as a "related party" "with
 9 significant influence" on it. (Ex. A1.) Apple should be allowed to use these recently revealed facts
 10 to support its existing non-infringement, limitation on damages, and equitable affirmative defenses.

11 **B. Even If the Good Cause Standard Applies, Good Cause Exists for the Proposed** 12 **Amended Answer Based on Recent Discovery and Apple's Diligent Pursuit of** 13 **Samsung-Corephotonics Discovery**

14 As noted above, Rule 15 – not Rule 16 – applies. But even if Rule 16 applies, amendment
 15 is proper because Courts regularly find good cause for a proposed amendment where discovery
 16 reveals new or additional information that was unavailable before. *E.g., Fujitsu v. Nanya Tech*,
 17 No. C 06-6613 CW, 2008 WL 962146, at *2-3 (N.D. Cal. Apr. 08, 2008) (finding good cause to
 18 amend more than one year after the amendment deadline because discovery revealed new
 19 information); *Finjan v. Blue Coat Sys.*, No. 13-cv-03999-BLF, 2014 WL 6626227, at *2-3 (N.D.
 20 Cal. Nov. 20, 2014) (finding good cause to amend nine months after the amendment deadline
 21 because defendants could not have uncovered new facts underlying their new asserted defenses
 22 before the deadline); *Synchronoss*, 2019 WL 95927, at *2 (finding good cause to support a
 23 new unclean hands defense). *See also Johnson v. Mammoth Recreations*, 975 F.2d 604, 609 (9th
 24 Cir. 1992) ("‘good cause’ standard primarily considers the diligence of the party seeking the
 amendment.").

25 The proposed answer does not seek to add any new claims or defenses. Instead, the
 26 proposed answer seeks to: (1) supplement existing defenses with additional facts recently shown
 27 in discovery, and (2) update the answer regarding developments since the stay (*e.g.*, patents that
 28 have been invalidated and that Samsung acquired Corephotonics). Apple diligently pursued

1 discovery of the relevant facts before filing the instant motion.

2 Apple could not have included these details in its original answer in October 2018 (Dkt. 92)
 3 because the facts and arguments Apple seeks to add did not exist at that time (*i.e.* Samsung had not
 4 acquired Corephotonics). The case was then stayed for 3.5 years. Upon lifting of the stay, Apple
 5 has been diligent in attempting to gather the necessary information to provide as much detail as
 6 possible to support its defenses. Rather than seek to serially amend with incomplete facts and a
 7 discovery dispute pending before the Court, Apple monitored public statements and sought the
 8 Court's ruling on the discovery dispute. Apple served additional discovery requests seeking further
 9 information about Samsung's control over Corephotonics. Apple promptly produced the relevant
 10 [REDACTED] agreement, explained the grounds for its defense and the need for further
 11 discovery in correspondence to Corephotonics in March 2023, and included an explanation of the
 12 defense in its rebuttal damages contentions. (Mead Decl., ¶ 6; Ex. D; Ex. H.) On October 5, 2023,
 13 the Court ordered Corephotonics to produce Share Purchase Agreements involving Samsung.

14 The recent production of both the Share Purchase Agreements on October 13, 2023 and
 15 Corephotonics's discovery responses served on October 10, 2023, confirmed that Corephotonics is
 16 under the control of at least Samsung SEC. Given that Apple promptly amended after receiving
 17 this new Court-ordered discovery, Corephotonics cannot claim that Apple was not diligent even if
 18 the Rule 16 good cause standard applies.

19 V. CONCLUSION

20 Apple respectfully moves for leave to amend its answers as attached in Exs. A1 and A2.

21 Dated: November 6, 2023

Respectfully submitted,

22
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